

292 - SELF-INSURED PPO HEALTH PLANS ISF

Operational Summary

Mission:

The County Indemnity Health Internal Service Fund (ISF) provides for self insurance of health benefits and administrative fees associated with claims from employees, retirees, and their dependents enrolled in the Premier Wellwise and Premier Sharewell health plans.

Strategic Goals:

- Fund 292 is one of the funds under Employee Benefits. The Employee Benefits Division supports the Human Resources Department's Business and Strategic Plan as they relate to the design, implementation and administration of employee benefits programs.

FY 2005-06 Key Project Accomplishments:

- Medical claims expenditures were lower than projected due to savings from health plan design changes, as well as improvement in discounts and lower medical claims administration costs related to the new Third Party Claims Administrator.

Self-Insured PPO Health Plans - The County Indemnity Health Internal Service Fund (ISF) provides for self insurance of health benefits and administrative fees associated with claims from employees, retirees, and their dependents enrolled in the Premier Wellwise and Premier Sharewell health plans.

At a Glance:

Total FY 2005-2006 Actual Expenditure + Encumbrance:	50,582,184
Total Final FY 2006-2007	80,767,278
Percent of County General Fund:	N/A
Total Employees:	0.00

Changes Included in the Base Budget:

Medical inflation (trend) continues to rise and had been causing an increase in medical and prescription claims within the PPO health plans. In January 2005, the County contracted with a new Third Party Claims Administrator, PacifiCare Health Plan Administrators. Savings were generated as the result of the health plan design changes and improved PPO discounts from PacifiCare Health Plan Administrators. County also entered a new contract with Walgreen Health Initiatives (WHI) effective, 1/1/06.

Budget Summary

Plan for Support of the County's Strategic Priorities:

Fund 292 is one of the funds under Employee Benefits. The Employee Benefits Division supports the Human Resources Department's Business and Strategic Plan as they relate to the design, implementation and administration of employee benefits programs.

Final Budget History:

Sources and Uses	FY 2004-2005	FY 2005-2006	FY 2005-2006	FY 2006-2007	Change from FY 2005-2006	
	Actual Exp/Rev	Budget As of 6/30/06	Actual Exp/Rev ⁽¹⁾ As of 6/30/06		Actual Amount	Percent
Total Revenues	66,304,459	71,894,858	72,388,468	80,767,278	8,378,810	11.57
Total Requirements	57,428,343	71,894,859	50,582,184	80,767,278	30,185,094	59.68
Balance	8,876,116	(1)	21,806,284	0	(21,806,284)	-100.00

(1) Amounts include prior year expenditure and exclude current year encumbrance. Therefore, the totals listed above may not match Total FY 2005-06 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Self-Insured PPO Health Plans ISF in the Appendix on page A216

Highlights of Key Trends:

- Medical inflation (trend) continues to rise and had been causing an increase in medical and prescription claims within the PPO health plans. In January 2005, the County contracted with a new Third Party Claims

Administrator, PacifiCare Health Plan Administrators. Savings were generated as the result of the health plan design changes and improved PPO discounts from PacifiCare Health Plan Administrators.

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Operation of Internal Service Fund 292 Operational Statement for the Fiscal Year 2006-2007

Operating Detail		FY 2004-2005	FY 2005-2006	FY 2006-2007	FY 2006-2007
		Actual	Actual	Proposed Budget	Final Budget
(1)		(2)	(3)	(4)	(5)
OPERATING INCOME					
7710	Insurance Premiums	61,318,447	60,627,812	57,025,572	57,025,572
Total Operating Income		61,318,447	60,627,812	57,025,572	57,025,572
OPERATING EXPENSES					
Services & Supplies					
1800	Office Expense	0	0	31,500	31,500
1900	Professional and Specialized Services	2,932,725	2,386,664	2,943,378	2,943,378
1911	CWCAP Charges	120,881	108,907	108,082	108,082
2400	Special Departmental Expense	1,694,107	2,337,697	2,629,197	2,629,197
2700	Transportation and Travel - Meetings/ Conferences	0	0	6,851	6,851
Total Services & Supplies		4,747,713	4,833,268	5,719,008	5,719,008
Other Charges					
3510	Other Charges - Operating	52,663,670	45,725,566	75,018,270	75,018,270
Total Other Charges		52,663,670	45,725,566	75,018,270	75,018,270
Total Operating Expenses		57,411,383	50,558,834	80,737,278	80,737,278
Net Operating Income (Loss)		3,907,064	10,068,978	(23,711,706)	(23,711,706)
NON-OPERATING REVENUE					
6610	Interest	406,002	1,001,673	1,236,450	1,236,450
7670	Miscellaneous Revenue	440,245	565,766	0	0
Total Non-Operating Revenue		846,247	1,567,439	1,236,450	1,236,450
NON-OPERATING EXPENSES					
1912	Investment Administrative Fees	16,960	23,350	30,000	30,000
Total Non-Operating Expenses		16,960	23,350	30,000	30,000
Net Non-Operating Income (Loss)		829,287	1,544,089	1,206,450	1,206,450
Income (Loss) Before Contributions & Transfers		4,736,350	11,613,066	(22,505,256)	(22,505,256)

Operation of Internal Service Fund 292

Operational Statement for the Fiscal Year 2006-2007

Operating Detail (1)	FY 2004-2005	FY 2005-2006	FY 2006-2007	FY 2006-2007
	Actual (2)	Actual (3)	Proposed Budget (4)	Final Budget (5)
STATEMENT OF CHANGES IN NET ASSETS - UNRESTRICTED				
Income (Loss) Before Contributions & Transfers	4,736,350	11,613,066	(22,505,256)	(22,505,256)
7810 Interfund Transfers In - from Fund 100	1,100,037	1,317,102	1,632,197	1,632,197
Increase (Decrease) in Net Assets - Unrestricted	5,836,387	12,930,168	(20,873,059)	(20,873,059)
Net Assets - Unrestricted - Beginning of Year	3,039,730	8,876,117	20,873,059	20,873,059
Net Assets - Unrestricted - End of Year	8,876,117	21,806,285	0	0